



## Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

Accounting, Business Methods, Investments, and the  
Exchanges

*Mercantile Credit.* By JAMES EDWARD HAGERTY. (New York: Henry Holt and Company. 1913. Pp. xii, 377. \$2.00.)

This book is divided into two parts, the first of which is called *The Origin, Development and Present Status of Mercantile Credit*, and the second, *Legislation*. As a matter of fact, it is really two books. The two parts have no organic connection.

The description of the present status of mercantile credit is clear and in most points accurate—a real contribution to the rapidly growing collection of analytical studies of modern business. It puts into concrete form a description of modern mercantile credit machinery, which should be very useful in clarifying the ideas of students. The chapter on the historical development of credit machinery is not as good. The discussions of credits among primitive peoples and of credits in Greece and Rome, even granting their accuracy, lose a good deal of their point in the light of the statement which Professor Hagerty himself makes on page 58: “Our credit system grew out of distinctly modern conditions.” This chapter, with its very light skimming over history and theory, and chapters 2 and 3, which are devoted mainly to definitions, seem to be quite out of key with the remaining chapters of part I. They savor of the high-school or freshman class room, while most of the remainder of part I might be used as a real business text.

By far the best portion of the book is that which is devoted to an analysis of present-day mercantile credit and its effects (chs. 4-14). An analysis of mercantile credit as a modern institution is followed by an examination of personal credit; then are discussed, in order, the credit man, the credit office and sources of credit information, adjustment bureaus, collections, mercantile credits and depressions, and credit men's associations. However, chapter 5, covering personal credit, is distinctly not up to the quality of the other chapters; and chapter 13, while suggestive, is not very closely reasoned. This section is full of specific material, which reflects a good deal of investigation, and gives the impression that Professor Hagerty probably has plans for a considerable elaboration of the material here presented. It is full of fresh scents picked up and not followed. For instance, on page 64 he says:

It seems apparent that it is to the interest of the retailer to cash all his bills with money borrowed from banks. Many do this, and conse-

quently save from 6 to 12 per cent a year on purchases. The lack of capital of many retailers and the difficulties in the way of borrowing at banks, exclude them from this opportunity.

In this paragraph Professor Hagerty puts his finger on one of the sorest points in the struggle between the large-scale retailer and his small competitor.

Again, on pages 61 to 65, when Professor Hagerty gives us a very brief summary of the replies received from five hundred letters sent out, covering questions as to rates of discount, one cannot help wishing to know more about the character of the information which these replies contained. An investigation of this kind carried on either by letter or in person, with the results properly classified and divided, might be of great value, both as an economic study and as a contribution to the business man's knowledge of business.

In another place Professor Hagerty touches on the question of "dating" bills, by manufacturers and jobbers, but he does not develop—what has now come to be an important feature of this subject—the use of this device by manufacturers for the leveling of production peaks.

In his discussion of the relation of the mercantile credit system to the system of distribution, Professor Hagerty falls into the very common error of reasoning about the distribution system as if it were a mechanism of comparative simplicity. The five steps which he mentions in a number of places (for instance, pages 54 and 212) need some qualification which might modify his reasoning about them. Furthermore, he seems a little hasty in his anxiety to eliminate middlemen when he speaks (page 23) of the disappearance of the commission house in the textile trade as if it were an accomplished thing.

Part II of the book contains a summary of legislation on subjects related to mercantile credit. The federal bankruptcy acts of 1800, 1841, 1867, and 1898, are described, and an account is given of the conditions under which these laws were enacted. There is also a brief summary of state insolvency legislation, and there is a final chapter which gives a digest of state laws regulating the sale of goods in bulk. These laws, of which he says there were thirty-nine in effect in 1910, were all passed between 1900 and 1910 except the laws in Louisiana, Oregon, and Minnesota.

PAUL T. CHERINGTON.

*Harvard University.*